Air Force Housing Privatization Portfolio Management

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PHMA
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Overview

- Air Force Portfolio Management
- OSD Focus Areas
- Summation

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Goals and Objectives

Goals

- To proactively and systematically manage the post-closing risks and issues associated with military housing privatization to ensure long-term program success

Objectives

- Resident satisfaction with housing
- Successful completion of development and scope of work
- Enhancement and preservation of housing throughout the life of the project
- Sound financial management
- Mitigation of risks to the project

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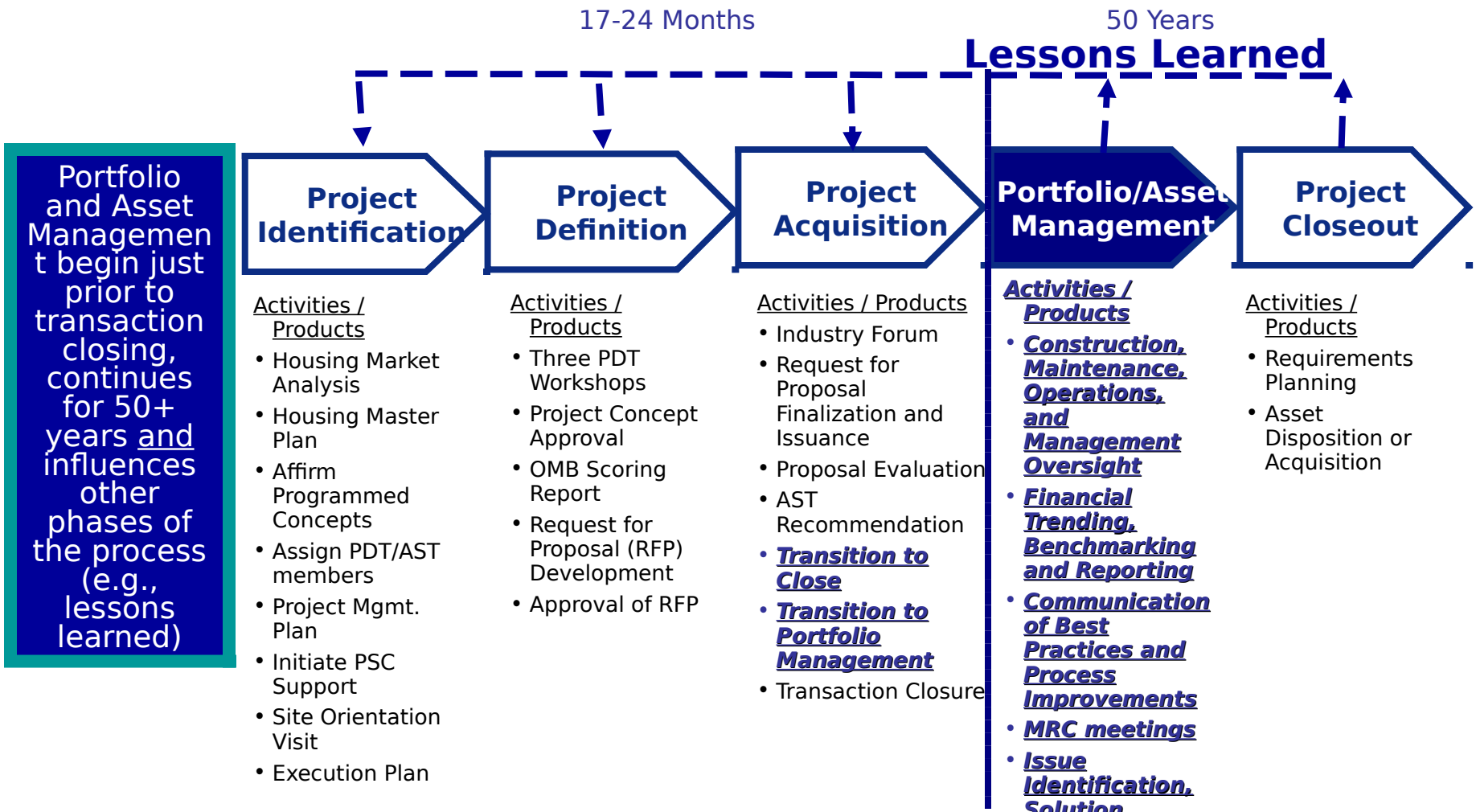
Approach

- Centralized
- Consistent standards and reporting
- Independent oversight
- Early identification of issues
- Lessons learned/best practices
- Program continuity

Phases


17-24 Months
50 Years
Lessons Learned
Portfolio and Asset Management begin just prior to transaction closing, continues for 50+ years and influences other phases of the process (e.g., lessons learned)
Project Identification
Project Definition
Project Acquisition
Portfolio/Asset Management
Project Closeout
Activities / Products
• Housing Market Analysis
• Housing Master Plan
• Affirm Programmed Concepts
• Assign PDT/AST members
• Project Mgmt. Plan
• Initiate PSC Support
• Site Orientation Visit
• Execution Plan
Activities / Products
• Three PDT Workshops
• Project Concept Approval
• OMB Scoring Report
• Request for Proposal (RFP) Development
• Approval of RFP
Activities / Products
• Industry Forum
• Request for Proposal Finalization and Issuance
• Proposal Evaluation
• AST Recommendation
• Transition to Close
• Transition to Portfolio Management
• Transaction Closure
Activities / Products
• Construction, Maintenance, Operations, and Management Oversight
• Financial Trending, Benchmarking and Reporting
• Communication of Best Practices and Process Improvements
• MRC meetings
• Issue Identification, Solution Development and, if Necessary,
Activities / Products
• Requirements Planning
• Asset Disposition or Acquisition

Roles And Responsibilities

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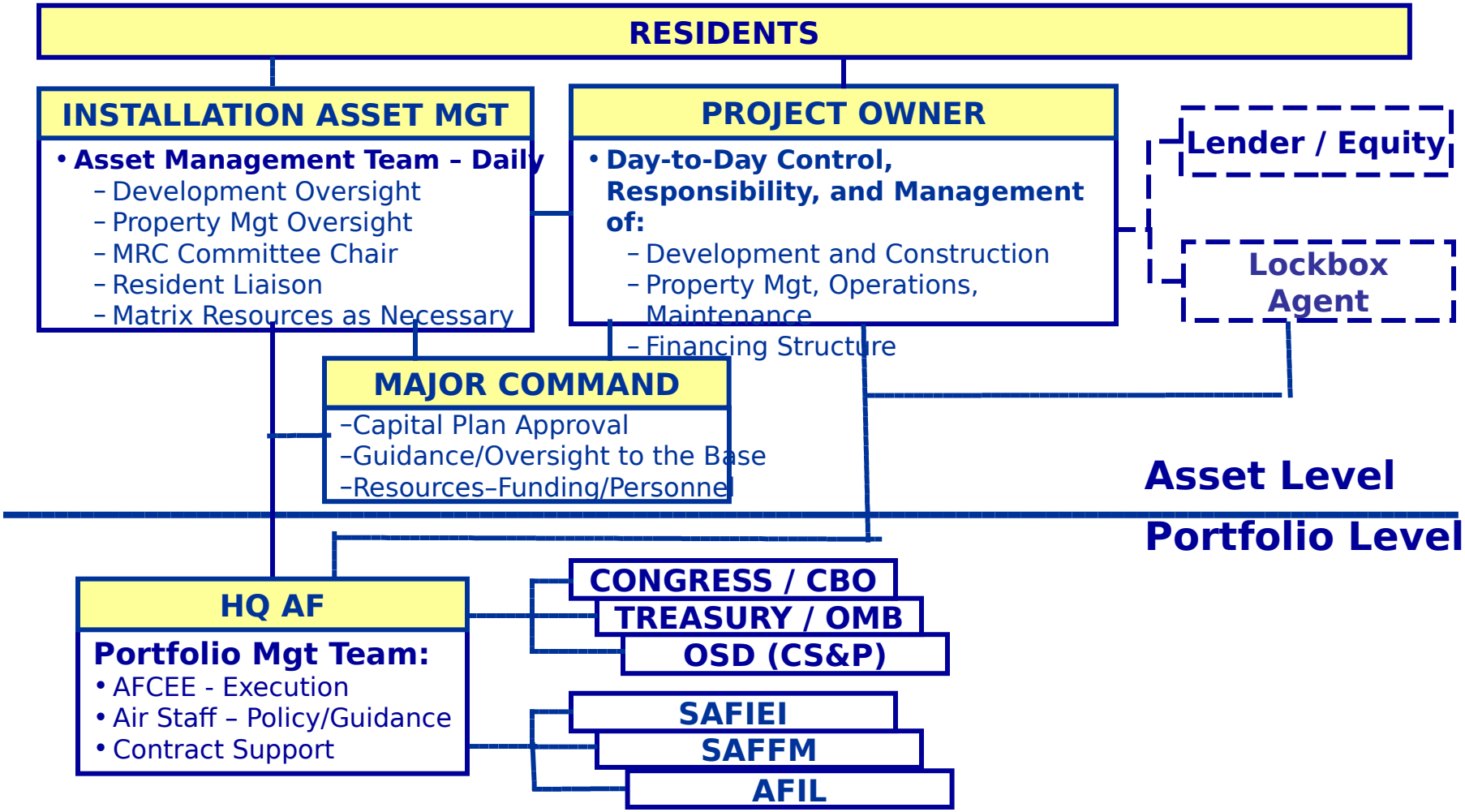

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Tools of the Trade

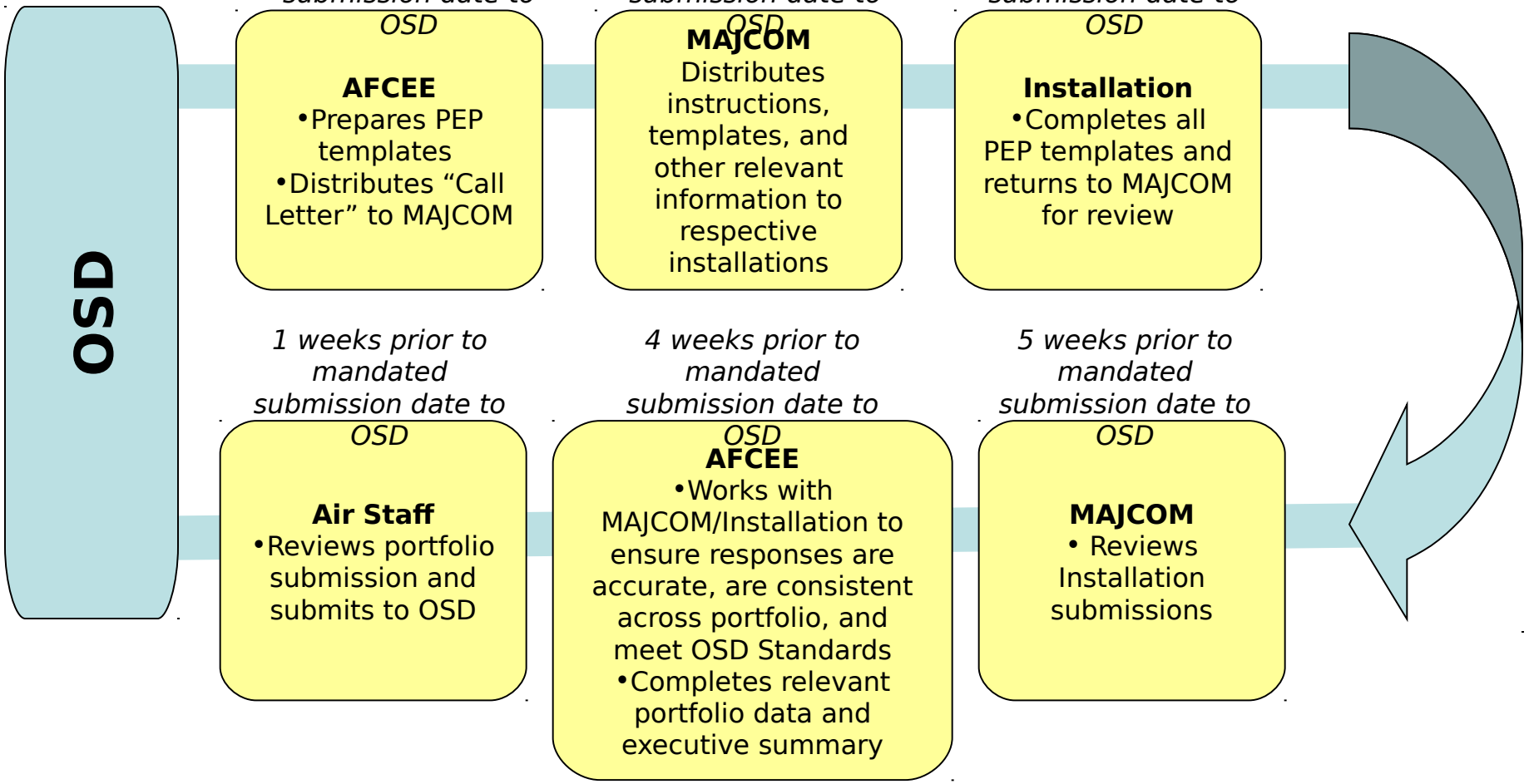
Transition Services

- Project or “executive” summary
- Catalogue of documents
- Insurance summary report
- Lockbox administration tool

Sustainment Services

- PEP (Semi-Annual)
- Document Oversight (Continuous)
- Lockbox Reviews (Quarterly)
- Project Reporting (Quarterly/Annually)
- Budget Reviews (Annual)
- Insurance Compliance (Annual)
- Compliance Testing (Continuous)
- Annual Site Assessments (Annual)
- Solution Implementation
- Training
- Subsidy Re-estimates (Annual)

Program Evaluation Plan (PEP)


OSD
13 weeks prior to mandated submission date to OSD
AFCEE
•Prepares PEP templates
•Distributes "Call Letter" to MAJCOM
11 weeks prior to mandated submission date to OSD
MAJCOM
Distributes instructions, templates, and other relevant information to respective installations
6 weeks prior to mandated submission date to OSD
Installation
•Completes all PEP templates and returns to MAJCOM for review
5 weeks prior to mandated submission date to OSD
MAJCOM
• Reviews Installation submissions
4 weeks prior to mandated submission date to OSD
AFCEE
•Works with MAJCOM/Installation to ensure responses are accurate, are consistent across portfolio, and meet OSD Standards
•Completes relevant portfolio data and executive summary
1 weeks prior to mandated submission date to OSD
Air Staff
•Reviews portfolio submission and submits to OSD

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Sharing Lessons Learned

U.S. Air Force - Housing Privatization Portfolio Management
Lessons Learned & Best Practices

Browse Lessons | Add a Lesson | Quick Search: Go | Advanced Search | Tools

Browse by topic

- Annual Site Visits (1)
- Compliance Testing (1)
- Environmental Issues (1)
- Lockbox Administration (10)
- Miscellaneous (4)
- Occupancy Challenges (7)
- Program Evaluation Plan (PEP) Reporting (1)
- Project Management (1)
- Quarterly/Annual Reporting (2)
- Stakeholder Relations (5)
- Title II Issues (1)
- Training (2)
- Whole Installation Housing Privatization (1)
- None (1)

Lesson	Topic	Site	Submission Date
1 INTRODUCTION TO USING THIS DATABASE	Miscellaneous	None	6/4/2003 12:26:05 PM
Addressing Occupancy Challenges with Non-Targeted Tenants	Occupancy Challenges	Robins AFB	6/3/2003 4:38:29 PM
Asset Management Training	Training	None	9/26/2003 8:20:30 AM
Best Practices in Development Oversight/Title II Inspections	Title II Issues	None	6/9/2003 9:35:01 AM
Best Practices of Stakeholder Relations	Stakeholder Relations	None	6/9/2003 9:32:01 AM
Changes to the local housing market	Miscellaneous	Robins AFB	6/9/2003 9:23:16 AM
Comparisons to Pro Forma	Quarterly/Annual Reporting	Wright Patterson AFB	6/9/2003 9:41:52 AM
Components of an Annual Site Visit	Annual Site Visits	Lackland AFB	6/4/2003 12:27:32 PM
Contributing Factors and Resolution Tools	Occupancy Challenges	Robins AFB	6/9/2003 9:06:54 AM
Customizing the Compliance Checklist	Compliance Testing	Elmendorf AFB	6/4/2003 12:19:59 PM
Delegation Authorities	Miscellaneous	None	6/5/2003 3:53:41 PM
Environmental Hazards	Environmental Issues	None	6/9/2003 9:30:04 AM
Family Housing and Property Management Office Challenges	None	None	6/9/2003 3:07:03 PM
Government/Commercial Property Manager Relationship	Stakeholder Relations	None	9/26/2003 8:39:13 AM
Housing Market Analysis (HMA)	Occupancy Challenges	Robins AFB	6/9/2003 9:58:30 AM
Include Mechanism for Setting Aside Performance Incentive Fees	Lockbox Administration	Kirtland AFB	10/1/2003 8:48:13 PM
Information Required by Lockbox Agent	Lockbox Administration	None	10/1/2003 8:32:40 PM
Installation Training	Training	None	6/9/2003 3:11:46 PM

- Share information across the AF
- Organized by installation, topic, date, lesson owner, etc.
- Fully searchable
- Upload examples (spreadsheets, photos, documents, etc)

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Sharing Lessons Learned

- Communication
  - Project Owner/Property Manager
  - Portfolio Manager
  - Tenants
- Transition/Start-Up
  - Workload
  - Staffing
  - Education/Training
  - Occupancy

Informing Senior Leadership

- Project Documentation
  - Executive summaries
  - Fact sheets
  - Web sources
- Quarterly Reports
  - Color coded scorecard of issues affecting operations, development and finance
  - Narrative discussion supporting code and suggestions for corrective measures
- Participation in oversight groups
  - Executive Steering Group
  - Management Review Committee

OSD Focus Areas

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FOCUS AREAS	AIR FORCE APPROACH	OVERVIEW
Are the services getting what was promised in the legal documents (compliance)?	• Compliance Testing • Annual Site Visit	• A structured approach to ensure contractual legal requirements are incorporated into day-to-day business practices • The annual site visit serves as a means of first-hand independent verification of project implementation, review of outstanding issues and development of relationships
Is the project financially healthy?	• Accounting and Financial Reporting • Budget Review • Lockbox Review	• Standardized quarterly reports provide information to assess and benchmark the project and portfolio performance • Annual budget reviews provide a view of a project's annual operational and capital repair and replacement plans for consistency with both pro forma and needs assessments • Lockbox reviews ensure that project inflows and outflows are applied to the proper accounts in the proper sequence
Are the tenants happy?	• Property Manager Performance Incentive Plans • Management Review Committees (MRC) • Annual Survey	• Performance Incentive Plans link a share of property manager compensation to performance • The MRC's allow tenant and base representatives to discuss overall performance of the Project Owner and Property Manager • Collects Installation Feedback

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OSD Focus Areas

FOCUS AREAS	AIR FORCE PORTFOLIO PERFORMANCE
Are the services getting what was promised in the legal documents (compliance)?	• The Air Force has initiated the compliance testing process at all seven installations that have closed to date and only minor instances of non-compliance have been reported. • All projects one year old or longer have had at least one Annual Site Assessments. The visits have been favorable and resulted in numerous improvements.
Is the project financially healthy?	• All projects are meeting or exceeding financial expectations as indicated by DCR's and reserve fundings • Project and Portfolio level reporting has been in place for the last six quarters. • Constant communication with all stakeholders has been important in gathering accurate and timely information. Open channels can lead to early warning indicators • Occupancy challenges are likely during start up and flexibility is key to success
Are the tenants happy?	• Overall reporting through the PEP indicates tenant satisfaction is good to excellent. Development progress (renovations and new construction) is a driver of satisfaction. Where projects have been completed or well underway occupancy has been high. • The Air Force will institute a more formal annual satisfaction survey to all projects.

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Summation

- Privatization projects are complex, long-term real estate transactions
- To ensure the viability and health of privatized housing, the AF must:
  - Provide the right balance of oversight
  - Provide Portfolio/Asset Management oversight tools
  - Provide day-to-day oversight at the installation
  - Provide adequate resources at the installations to meet their obligations
  - Provide installations with solution implementation capability from the Portfolio Management-level